

EXHIBIT R

MAY 30, 2001 1:48PM HBGM

NO. 806 P. 1/1

LAW OFFICES
HALL, BLOCH, GARLAND & MEYER, LLP

F. KENNEDY HALL
BENJAMIN M. GARLAND
J. PATRICK MEYER, JR.
J. STEVEN STEWART
JOHN BURTON WILKERSON, JR.
DUNCAN D. WALKER, III
MARK E. TOTH
JOHN FLANDERS KENNEDY
TODD C. BROOKS
J. ELLSWORTH HALL, IV
EMILY K. TURNER

577 MULBERRY STREET
SUITE 1500
P.O. BOX 5088

MACON, GEORGIA 31208-5088

TELEPHONE 478-745-1625
FACSIMILE 478-741-8822
FACSIMILE 478-741-3544

ELLSWORTH HALL, III
OF COUNSEL

J.E. HALL
(1878-1945)

CHARLES J. BLOCH
(1893-1974)

ELLSWORTH HALL, JR.
(1906-1964)

May 30, 2001

Scott B. Whittier, Esq.
Corporate Counsel
W. R. Grace & Company
7500 Grace Drive
Columbia, MD 21044

Via Facsimile No. (410) 531-4783

RE: Lester E. Kirkland, Jr. vs. Norfolk Southern Railway Company
State Court of Bibb County Re: W. R. Grace & Company's Indemnity
Agreements with Norfolk Southern Railway Company of December 15,
1980 and Supplemental Agreement of September 17, 1990

Dear Mr. Whittier:

Further to our telephone conversation earlier this morning concerning the status of this matter, this will confirm that we have a hearing scheduled for tomorrow afternoon at 3:00 p.m. before the trial judge on our Motion for New Trial pending in this action. As I advised, Plaintiff's attorneys have called to make the following settlement proposal:

Deduction of \$350,000 from the judgment amount of \$1,924,500, payable together with interest (Georgia post-judgment interest is 12% per annum) accruing until date of payment. They advise that their settlement demand is non-negotiable and must be accepted prior to the hearing scheduled for tomorrow afternoon.

Norfolk Southern is now evaluating this settlement offer and I am contacting Grace & Company to keep you advised of the status of this matter and to obtain your input as to how we should respond to Plaintiff's settlement proposal.

As we discussed, I would appreciate your advising the bankruptcy trustee of the status of this matter.

Thanking you for your advice in this regard, I am

Sincerely,

Hall, Bloch, Garland & Meyer

By: 

Benjamin M. Garland

BMG/sj